

One of the easiest, most cost effective ways to improve building performance is to ensure that proper insulation is installed in a building.

While most of us think that insulation is only for our walls and attics, thermal insulation for piping and equipment, known as mechanical insulation, is a vital component for commercial and industrial applications.

In an effort to address this issue, I introduced H.R. 184, the Mechanical Insulation Installation Incentive Act of 2013. This legislation is designed to incentivize commercial and industrial facility owners to make their buildings and facilities more efficient and put people back to work.

According to the National Insulation Association, improved insulation for piping and mechanical components in commercial and industrial settings will help business save more than \$4.8 billion a year.

These improvements will also save resources to the tune of more than 82 million barrels of oil, or 19 million tons of coal.

I ask all my colleagues to consider supporting H.R. 184. It's a commonsense bill that will save money, improve facility operations, put people to work, and help our buildings and facilities perform to a higher standard.

Mr. Speaker, in closing I would like to acknowledge the hard work that our nation's architects, engineers, and building professionals do to improve the condition of our homes, schools, and businesses.

CONGRATULATING JERRY WOLFE ON HIS DESIGNATION AS BELOVED MAN OF THE EASTERN BAND OF CHEROKEE INDIANS

HON. MARK MEADOWS

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 20, 2013

Mr. MEADOWS. Mr. Speaker, I rise today to congratulate Cherokee Tribal Elder Jerry Wolfe, a decorated World War II D-Day veteran who was recently named a Beloved Man of the Eastern Band of Cherokee Indians.

This is the first time since the early 1800s that a Cherokee man has been awarded this special status.

Historically, Beloved Men and Beloved Women have been revered even above Tribal Chiefs due to the strong example they set for all members of the Tribe.

Mr. Wolfe joined the U.S. Navy at age 18 and devoted six years to defending his country. On D-Day, he served on a landing craft at Omaha Beach, France, and later deployed to Pearl Harbor.

Assigned to the USS *Missouri*, Mr. Wolfe witnessed the peace treaty signed by U.S. and Japanese officials to end the Pacific theater of World War II.

Mr. Wolfe currently works part-time at the Museum of the Cherokee, sharing his knowledge of Cherokee culture. His service at the museum is yet another testament to his lifelong commitment to service.

Mr. Wolfe has been widely recognized for his dedication to cultural preservation. He received the North Carolina Folk Heritage Award in 2003 and the Brown-Hudson Folklore Award from the North Carolina Folklore Society in 2010.

Mr. Speaker, on behalf of the entire 11th District of North Carolina, I congratulate Mr.

Wolfe on his lifetime of achievement and thank him for his service to the Eastern Band of Cherokee Indians and to our Nation.

4 YEAR ANNIVERSARY OF THE CIVIL WAR IN SRI LANKA

HON. MICHAEL M. HONDA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 20, 2013

Mr. HONDA. Mr. Speaker, I rise today to mark the 4th anniversary of the end of the tragic civil war in Sri Lanka that has cost many lives and destroyed many futures.

As Sri Lanka and its people slowly begin to return to normalcy, there is still much that the government of Sri Lanka must do to achieve true peace. While the war has ended, the conflict between its people still goes on. In particular, I am troubled that not enough progress is being made towards true political reconciliation. The deaths of thousands of civilians, on both sides, during the war must be investigated and addressed to truly begin the process of healing.

In addition, it is important to recognize that the Tamils must be integrated and become full and valued citizens of the country for true reconciliation to occur; this includes preventing forced displacement and the uprooting of families and communities from their homes. The US-sponsored resolution that passed the United Nations Human Rights Council this March that urged the Sri Lankan government to credibly and independently investigate the allegations of international human rights violations is a good first step.

I urge the government of Sri Lanka to work with the international community and the United Nations to adopt an international mechanism towards reconciliation for all people.

OUR UNCONSCIONABLE NATIONAL DEBT

HON. MIKE COFFMAN

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, May 20, 2013

Mr. COFFMAN. Mr. Speaker, on January 20, 2009, the day President Obama took office, the national debt was \$10,626,877,048,913.08.

Today, it is \$16,734,808,644,648.07. We've added \$6,110,451,189,734,235.05 to our debt in 4 years. This is \$6 trillion in debt our nation, our economy, and our children could have avoided with a balanced budget amendment.

PERSONAL EXPLANATION

HON. STEVE SCALISE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 20, 2013

Mr. SCALISE. Mr. Speaker, I rise today regarding my absence from the House on Friday, May 17. During this time, I was home attending my daughter's kindergarten graduation ceremony. I would like to submit how I would have voted had I been in attendance for the following votes:

Rollcall No. 155, on Ordering the Previous Question on H. Res. 216, a resolution providing for consideration of H.R. 1062. I would have voted "yea."

Rollcall No. 156, on the Adoption of H. Res. 216, a resolution providing for consideration of H.R. 1062. I would have voted "yea."

Rollcall No. 157, on Agreeing to Amendment No. 2. I would have voted "yea."

Rollcall No. 158, on Agreeing to Amendment No. 3. I would have voted "no."

Rollcall No. 159, on the Motion to Recommit H.R. 1062 with instructions. I would have voted "no."

Rollcall No. 160, on Passage of H.R. 1062, the SEC Regulatory Accountability Act. I would have voted "yea."

INTRODUCTION OF LEGISLATION TO ADDRESS THE TAX AVOIDANCE PROBLEM

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 20, 2013

Mr. NEAL. Mr. Speaker, today I am pleased to come before the House to introduce legislation ending a current law loophole that allows foreign insurance groups to strip their U.S. income into tax havens to avoid U.S. tax and gain a competitive advantage over American companies. I am pleased to be joined in my efforts by Senator MENENDEZ, who is introducing the Senate companion bill.

Many foreign-based insurance companies are using affiliate reinsurance to shift their U.S. reserves into tax havens overseas, thereby avoiding U.S. tax on their investment income. This provides these companies with a significant unfair competitive advantage over U.S.-based companies, which must pay tax on their investment income. To take advantage of this loophole, several U.S. companies have "inverted" into tax havens and numerous other companies have been formed offshore. And, absent effective legislation, industry experts have predicted that capital migration will continue to grow, stating that "redomestication offshore will be a competitive necessity for many U.S. primary 'specialty' insurers." As we grapple with significant budget challenges in the years to come, it is essential that we not allow the continued migration of capital overseas and erosion of our tax base. Clearly, at a time when we are considering a move to a territorial system with base erosion rules applicable to U.S. companies, we must also have "credible" rules to prevent base erosion by foreign companies doing business in the U.S.

There have been previous attempts to address the tax avoidance problem resulting from reinsurance between related entities. Congress first recognized the problem of excessive reinsurance in 1984 and provided specific authority to Treasury under Section 845 of the Tax Code to reallocate items and make adjustments in reinsurance transactions in order to prevent tax avoidance or evasion. In 2003, the Bush Treasury Department testified before Congress that the existing mechanisms were not sufficient. In 2004, Congress amended Section 845 to expand the authority of Treasury to not only reallocate among the parties to a reinsurance agreement but also to recharacterize items within or related to the

agreement. Congress specifically cited the concern that these reinsurance transactions were being used inappropriately among U.S. and foreign related parties for tax evasion. Unfortunately, as recent data shows, this grant of expanded authority to Treasury has not stemmed the tide of capital moving offshore to take advantage of the tax benefit.

Since 1996, the amount of reinsurance sent to offshore affiliates has grown dramatically, from a total of \$4 billion ceded in 1996 to \$33 billion in 2011, including nearly \$20 billion to Bermuda affiliates and over \$7 billion to Swiss affiliates. Use of this affiliate reinsurance provides foreign insurance groups with a significant market advantage over U.S. companies in writing direct insurance here in the U.S. Over the same period, we have seen a doubling in the growth of market share of direct premiums written by groups domiciled outside the U.S., from 5.1 percent to 11.1 percent, representing \$57 billion in direct premiums written in 2011. Again, Bermuda-based companies represent the bulk of this growth, rising from 0.1 percent to 3 percent, although it peaked at 4% before some companies moved from Bermuda to Switzerland seeking protection under the tax treaties. And it should be noted that during this time, the percentage of premiums ceded to affiliates of non-U.S. based companies has grown from 13 percent to 57 percent. Bermuda is not the only jurisdiction favorable for reinsurance. In fact, one company moved from the Cayman Islands to Switzerland citing "the security of a network of tax treaties," among other benefits.

A coalition of 13 of the largest U.S.-based insurance and reinsurance companies has been formed to express their concerns to Congress. They recently wrote to the House Ways and Means Committee's working groups urging passage of my proposed legislation because, as they wrote, "This loophole provides foreign-controlled insurers a significant tax advantage over their domestic competitors in attracting capital to write U.S. business. Our tax system should not favor foreign-owned groups over domestic insurers in selling insurance here at home." With more than 150,000 employees and a trillion dollars in assets here in the U.S., I believe it is a message of concern that we should heed.

But it is not only the harm to our tax base that should concern us. According to a 2010 investigative report in the Sarasota Herald-Tribune entitled "How Bermuda Rigs Insurance Rates in Florida," for which the reporter won a Pulitzer Prize, "Two-thirds of property insurance premiums now leave Florida as unregulated payments to largely offshore reinsurers . . . without rate control or consumer oversight." It clearly cannot be good for us to lose regulatory control over our U.S. insurance industry.

That is why I am again filing legislation to end the Bermuda reinsurance loophole. This proposal has been developed working with the tax experts at both the Treasury Department and the staff of the Joint Committee on Taxation to address concerns that have been raised with prior versions of the bill and develop a balanced approach to address this loophole. The proposal is consistent with our trade agreements and our tax treaties.

Specifically, the proposal I am filing today uses a common-sense approach to combat earnings stripping through the use of affiliate reinsurance. It will effectively defer the deduc-

tion for premiums paid to the offshore affiliate until the insured event occurs—thereby restricting any tax benefit from shifting reserves and associated investment income overseas. This is accomplished by denying an upfront deduction for any foreign affiliate reinsurance (if the premium is not subject to U.S. tax) and then excluding from income any reinsurance recovered (as well as any ceding commission received), where the premium deduction for that reinsurance has been disallowed. This "deduction deferral" proposal is similar to one contained in the Administration's budget this year.

The bill allows foreign groups to avoid the deduction disallowance by electing to be subject to U.S. tax with respect to the premiums and net investment income from affiliate reinsurance of U.S. risk. Special rules are provided to allow for foreign tax credits to avoid double taxation. This ensures a level-playing field, treating U.S. insurers and foreign-based insurers alike.

The legislation provides Treasury with the authority to carry out or prevent the avoidance of the provisions of this bill.

A fuller technical explanation of the bill can be found on my website.

It is important to note that the bill I am reintroducing today does not impact third party reinsurance, which adds needed capacity to the market. Third party reinsurance is a fundamental business technique for risk management and is to be fostered. Rather, the bill is targeted solely at reinsurance among affiliates, which adds no additional capacity to the market and is often used for tax avoidance. The LECG group, a respected global expert services and consulting firm, says that this fact alone causes opponents' claims regarding potential adverse effects on capacity and pricing to be untrue.

LECG also found it highly unlikely that foreign groups would stop providing coverage in the U.S. market if they are required to compete on a level playing field with domestic competitors. But, even if they did, the rest of the market would quickly replace any capacity. In a recent Boston Globe piece, an independent S&P credit ratings analyst and reinsurance market expert reached the same conclusion, saying that any effects on capacity and pricing would be minor. The foreign companies' "interest in the US market will not change. The US is the largest reinsurance market in the world," she said.

Ending this unintended tax subsidy for foreign insurance companies will stop the capital flight at the expense of American taxpayers and restore competitive balance for domestic companies. In explaining the Administration's proposal, the Treasury Department expressed similar concern over the current competitive balance, stating "Reinsurance transactions with affiliates that are not subject to U.S. federal income tax on insurance income can result in substantial U.S. tax advantages over similar transactions with entities that are subject to tax in the United States."

Closing this loophole does not impose a new tax. It merely ensures that foreign-owned companies pay the same tax as American companies on their earnings from doing business here in the United States. Congress never would consciously subsidize foreign-owned companies over their American competitors in order to serve the domestic market. Thus, there is no reason an unintended sub-

sidy should be allowed to continue. I agree with the U.S. companies. "It is time to close this loophole to protect our tax base and place and U.S. and foreign-based insurers on a level-playing field."

Mr. Speaker, I appreciate the opportunity to address the House on this important matter and I assure my colleagues that I will continue my efforts to combat offshore tax avoidance, regardless of what industry is impacted.

CONNECTICUT'S CHILDREN— MOURNING THE YOUNG LIVES LOST TO SENSELESS VIOLENCE

HON. JOHN B. LARSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, May 20, 2013

Mr. LARSON of Connecticut. Mr. Speaker, I rise today to speak out against the senseless violence that engulfs our communities and across the nation.

America's greatest strength comes from its rich diversity of culture, race, ethnicity, religion and perspectives. Separately, these are the threads that define who we are as individuals. Pull these threads together, and they create a tapestry of who we are as a nation. Let us never forget that there are two threads each of us living in this moment, no matter our background, share in common: the invisible bond of citizenship and the experience of childhood.

However, far too many children living in this nation never have the chance to know a true childhood.

In my mind, a true childhood is a time in our lives where we have enough. Enough love to know we have value, enough food to allow us to never know hunger, and enough supports in our communities to better ensure our health and safety. These are but a few of the important elements that a child needs enough of in order to better ensure a healthy and successful adulthood.

Americans from every walk of life have together mourned the loss of the innocent children who died on December 12, 2013, and rightfully so. We mourned the lives lost from the shootings in Phoenix, Aurora, Columbine and Virginia Tech. For our nation's children who are trying to grow up in our nation's urban settings, the opportunity to realize adulthood is placed in jeopardy because of gun violence on a daily basis.

In the last 12 years in Connecticut, 94 children have died from gun violence. In that same span of time, more than 924 were injured and maimed by firearms. The majority of these firearm injuries and deaths occurred in Hartford, New Haven, and Bridgeport.

The children and youth who die each day in our cities from gun violence are every bit as precious, every bit as deeply loved and missed as any child who dies anywhere else in our nation.

I stand here today on the floor of the House to ask my colleagues to join me in recognizing the 20 lives senselessly cut short by gun violence the last 18 months in the city of Hartford.

Today, here in the United States House of Representatives, we mourn the loss of:

Jimmy Narvaez-Gonzalez 07/20/2012.

Eric Perez 07/22/2012.

Benjamin Grate 07/23/2012.